

**Association of Seafood Producers
states processing capacity must be reduced.**

St. John's — The *Association of Seafood Producers*, Newfoundland and Labrador's industry association for seafood producers, says that FPI's recent announcements of the plant closure at Harbour Breton and the operating options for the Burin Peninsula are indicative of larger problems facing the fishing industry and the province.

The Association says that a basic problem is *overcapacity*, meaning that so much has been invested in the industry that it is now able to harvest and process many times more fish than stocks can provide. Too many plants and people are dependent on too few resources, they say, and until the situation is addressed, the stability and viability of the industry is threatened for processors, harvesters, and plant workers alike.

The Association is equally clear that this is not restricted to any species. For example in the crab fishery, quota cuts are expected in the coming year as the resource declines. This will make the situation even worse in an industry where many crab plant workers already face an ever-increasing struggle each year just to get enough hours to meet EI requirements.

The overcapacity situation is not new, but has been getting worse in recent years despite many innovative efforts to mitigate its damaging effects. The province has been able to struggle through until now, the Association points out, largely helped by favourable currency and strong markets for crab. However, the recent large increase in the value of the Canadian dollar, and the well-known and quickly growing impact of a developing China, have now brought the crisis home.

“Of course, no one is happy when companies and workers – and their families and communities – face downturns and closures,” says Association Chair Herb Clarke, “But there is just not enough fish available on an ongoing basis to provide either economic returns to the processors, or meaningful employment to the workers.”

“We have to have a lot fewer plants to handle the available resource, and a lot fewer workers in order for the remaining workers to have meaningful income and employment. We have to accept the reality that rationalization will occur, whether we like it or not. Some communities that currently have plants will have none. Our only choice is to decide whether we attempt to make the required adjustment in an orderly and strategic fashion, or let it be done in chaos. But either way, it will occur. The implications are such that all stakeholders — the Province, Federal Government, FFAW, harvesters, processors, and plant-workers — have to come to grips with how best to deal with it.”

“Most people recognize that this province’s fishing industry operates in a world market, and has to be competitive in that market or it ceases to exist,” states Clarke. “Yes, our seafood industry has tremendous resources, but we can’t put such unreasonable demands on the system that it is driven into bankruptcy. We’ve seen that before, and it’s not pretty. Why does it seem so much more difficult for us to accept this reality in the fishery than in other resource industries such as forestry, mining or oil and gas?”

The Association says its Members are encouraged that the Provincial Government is addressing the difficult issue of overcapacity. Actions taken by the Department of Fisheries and Aquaculture to implement the Dunne Report are significant and important steps. They are also encouraged by the Minister’s understanding of the situation and willingness to face the difficult decisions required.

The Association of Seafood Producers is a not-for-profit corporation, set up to serve as the industry association for Newfoundland and Labrador’s seafood producers and to act in the best interests of the seafood industry overall. Its members produce nearly 90% of the province’s crab, over 90% of inshore shrimp, and over 50% of cod, with total annual sales of \$800 million. Collectively, Association members own and operate some 60 processing plants in rural communities throughout the province.

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